

HOUSE BILL 705

By McCord

AN ACT to amend Tennessee Code Annotated, Title 62,
Chapter 37 and Title 62, Chapter 6, relative to
contractors.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 62-6-111(a), is amended by deleting subdivision (1) in its entirety and by substituting instead the following language as a new subdivision (1):

(1) Anyone desiring to be licensed as a contractor for this state shall make written application to the board on such forms as are prescribed by the board, and shall furnish the board with an affidavit stating that the applicant is not currently performing any construction work and has not offered to engage in any construction work where the amount of the applicant's contract exceeds thirty thousand dollars (\$30,000) or, in the case of a limited licensed electrician, where the amount of such applicant's contract is less than twenty-five thousand dollars (\$25,000). The application shall be accompanied by an application fee as set by the board. The application shall also be accompanied by evidence of the applicant's current workers' compensation insurance coverage. Failure to provide such evidence of insurance coverage shall make the applicant ineligible for licensure by the board until such evidence of insurance coverage is provided.

SECTION 2. Tennessee Code Annotated, Section 62-6-111, is amended by deleting subsections (c) and (d) in their entirety and by substituting instead the following language as new subsections (c) and (d):

(c) The issuance by the board of a certificate of license authorizing the licensee to engage in any major construction classification or classifications of contracting shall not authorize the licensee to engage in thirty thousand dollars (\$30,000) or more of any

other major construction classification or specialty classification thereunder unless the licensee is additionally licensed in such other major construction classification or specialty classification thereunder.

(d) A contractor may bid on a contract requiring work in a classification or classifications other than the one in which the contractor is licensed if and only if the contractor has a commercial building contractor's license or if such contractor's license will permit the contractor to perform at least sixty percent (60%) of the bid amount or price of the work for the project being bid or priced. However, such contractor may not actually perform any work in excess of thirty thousand dollars (\$30,000) or, in the case of a limited licensed electrician, where the amount of work is less than twenty-five thousand dollars (\$25,000) in any classification unless the contractor has a license to perform work in such classification.

SECTION 3. Tennessee Code Annotated, Section 62-6-119, is amended by deleting subsection (b) and by substituting instead the following language:

(b) Any person or entity involved in the preparation of the invitation to bid or comparable bid documents shall direct that the name, license number, expiration date thereof, and license classification of the contractors applying to bid for the prime contract and for the electrical, plumbing, heating, ventilation, and air conditioning contracts, appear on the outside of the envelope containing the bid except when the bid is in an amount less than thirty thousand dollars (\$30,000). When the bid is less than thirty thousand dollars (\$30,000), the name of the contractor only may appear on the outside of the envelope containing the bid, and upon opening the envelope, if such bid is in excess of thirty dollars (\$30,000), the same shall automatically be disqualified. Only one (1) contractor in each classification may be listed. Prime contractor bidders who are to perform the electrical, plumbing, heating, ventilation and air conditioning must be so

designated upon the outside of the envelope. Failure of any bidder to comply therewith shall void such bid, and the envelope containing such bid shall not be opened or considered. It is the duty and responsibility of the awarding person or entity who received the envelope containing the bid to verify only the completeness of the required licensure information prior to the opening of the envelope. Prior to the opening of the envelope, the names of all contractors listed thereon shall be read aloud at the official bid opening and incorporated into the bid. Prior to awarding a contract, the awarding person or entity and its authorized representatives shall verify the accuracy, correctness and completeness of the information required hereby. The failure of any bidder to comply with all of the provisions hereof shall automatically disqualify such bid. However, bids administered by the Tennessee department of general services shall require that the information be furnished within the bid or bid document and need not appear on the envelope.

SECTION 4. Tennessee Code Annotated, Section 62-6-120, is amended by deleting subsection (b) in its entirety and by substituting instead the following language as a new subsection (b):

(b) Any person, firm or corporation who accepts a bid in excess of thirty thousand dollars (\$30,000) from a contractor who is not licensed, with appropriate classifications and sufficient monetary limitations, or in the case of a limited licensed electrician where the amount is less than twenty-five thousand dollars (\$25,000), in accordance with the provisions of this chapter, commits a Class A misdemeanor.

SECTION 5 Tennessee Code Annotated, Section 62-6-137(b), is amended by deleting subdivisions (1) and (2) and by substituting instead the following language as new subdivisions (1) and (2):

(1) For building permits under thirty thousand dollars (\$30,000), the bond amount shall be ten thousand dollars (\$10,000).

(2) For all building permits of thirty thousand dollars (\$30,000) and larger, the bond amount shall be fifty thousand dollars (\$50,000).

SECTION 6. Tennessee Code Annotated, Section 62-6-201(a), is amended by deleting subdivision (3) and by substituting instead the following language:

(3) Each citation shall contain an order to cease all violations of this chapter and an assessment of a civil penalty in an amount not less than fifty dollars (\$50.00) nor more than one thousand five hundred dollars (\$1,500).

SECTION 7. This act shall take effect July 1, 2007, the public welfare requiring it.